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DDA Subject

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Control of ADP Resources in CIA

D/A Registry

81-0649

FROM:		EXTENSION	NO.	
D/ODP/DDA 2-D-00 HQS.			**DATE** 2 4 MAR 1981	

TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. ADDA, BX-4		25 MAR 1981	*Jen*	Bill:
2. *DDA*				Attached is a brief report on the the ADP Resource Allocation System, including a few words of background and description of the way the system works and a bit about its benefits. It closes with a paragraph on the relationship between chargeback and our major resource problem, which is, of course, the availability of personnel for applications development. We have also prepared a brief summary with a series of bullets highlighting the main points.
3.				
4.				
5. DDA REGISTRY FILE: 0+M-2-2				
6.				
7.				
8.				If this does not meet your needs or if you want us to expand upon any of the points made here, please let me know.
9.				
10.				As noted parenthetically in paragraph 5, because of uncertainty relating to the role of the Executive Committee under the Agency's new management, we have not yet had the opportunity to present our annual ADP report for 1981 to the Executive Committee.
11.				
12.				
13.				
14.				Bruce Johnson
15.				Att: a/s

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Control of ADP Resources in CIA

Summary

o   In 1977 the EXCOM adopted an ADP Resource Allocation
    System as a means of monitoring the use of ODP
    resources. Chargeback was considered and rejected in
    favor of this system.

    --   Eighty percent of ODP's resources covered by EXCOM
          review.

    --   Large (over $250K) component-budgeted projects
          reviewed.

    --   Follow-up system illuminates reasons for exceeding
          estimated needs for ADP support.

    --   Proposed investments in the ODP computer utility
          reviewed.

o   Experience with the ADP Resource Allocation System over
    three year period has been good.

o   Charging for ODP computer service in such an environment
    would only antagonize most users.

    --   The real trade-off: Innovation vs. Constraint.

o   The real resource issue facing ODP is not computer
    capacity but the critical shortfall in personnel for
    application development. Our FY 1983 budget speaks to
    this problem.

Control of ADP Resources in CIA

Background

1. In 1977 the then DDCI asked the Comptroller and the D/ODP to make recommendations to the EXCOM concerning ways to improve top management's ability to plan for future ADP resource requirements and to monitor current use of ODP central services to ensure visibility to top management of issues arising from contention for limited ODP resources. Chargeback was one of four options considered by the EXCOM to monitor and control the use of central services. It was rejected in favor of an ADP Resource Allocation System.

2. The arguments for and against chargeback are numerous and there is no one dominant reason to choose either overhead or chargeback as the means of allocating ODP costs. There is a philosophically complex problem at the heart of the issue. This Agency has always encouraged innovation in the use of its resources. An overhead system for allocating ODP costs certainly fosters innovation on our part and on the part of our users in the use of computer facilities. This is highly desirable as a means of improving the quality of intelligence production. This tends, of course, to encourage users to substitute "free" computer resources for other (including scarce human) resources for which they must pay directly. The incentive then is to increase computer usage. The inevitable growth in ODP central services is perfectly predictable as a result.

3. The EXCOM was convinced that the creation of a deliberate ADP budget during the Agency program review coupled with a systematic review of major ADP initiatives (new and ongoing) requiring ODP central services would provide a sound procedure to contol the use of ODP resources.

The ADP Resource Allocation System

4. The ADP Resource Allocation System in place today was adopted by the EXCOM for implementation starting with the Agency Budget for FY 1979. An ADP budget is established as a part of the Agency program review process each fiscal year. In the formulation and prioritization of the Agency's budget, ADP resource requirements are evaluated within the context of

component and directorate responsibilities. In conjunction with its review of the Agency's Program Plan each year, the EXCOM focuses attention on the proposed functional uses of ADP and on proposed major ADP investments. Included are the following:

- o Component ADP activities which in the aggregate exceed $250 thousand of component budgeted resources.

- o New ADP initiatives identified in program plans.

- o Expansion of ODP computing capacity.

- o Impact of the ZBB ranking process on requested ADP resources.

5. In addition the EXCOM examines all projects estimated to consume $250 thousand of ODP resources in the upcoming fiscal year, thus effectively reviewing about 80% of ODP's service effort. This results in an EXCOM approved plan for the consumption of ODP resources for the fiscal year that is sensitive both to user needs and to the level of resources that can be committed to the central ADP facility. (Because of uncertainties related to the appointment of a new management team, the EXCOM has not yet held its FY 81 ADP review.) As a means of monitoring the use of the central resource, ODP publishes a monthly Project Activity Report (PAR) which shows a detailed breakout by type of service (batch, data entry, labor, etc.) of the consumption of ODP services by every office and division of the Agency in terms of an accounting dollar charge. This report is sent to all office and directorate ADP Control Officers. In addition, we monitor the expenditure of actual vs. projected resource utilization and notify the O/Comptroller of any EXCOM-monitored ADP project that is going to overrun its projected use. The O/Comptroller requires a written explanation from the component of the reasons for the overrun. This process was amended in FY 1980 to require the reporting of major reductions (20% or more) in expected usage rates for reportable ADP projects to allow ODP to plan more effectively for the allocation of the unused capacity.

Benefits of the Allocation Process

6. The ADP Resource Allocation System provides the EXCOM with the necessary information concerning component plans for major ADP investments of their own (e.g., the NDS upgrade at NPIC, the CRAFT project for the DDO) and ODP plans for computer system upgrades and major projects to be supported with ODP resources. The ODP investments in the computer utility have been supported as a result and our ability to provide utility type services has never been better. The visibility afforded ODP by the process has been beneficial in obtaining top management endorsement of our plans.

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7. We believe that the ADP Resource Allocation System is the appropriate vehicle for continued EXCOM involvement in the ADP process. Having obtained EXCOM approval for ODP plans to put computer capacity in place and component plans for use of ODP resources, chargeback has no role to play other than to heighten tensions between ODP and our users, stifle innovations such as SAFE, CRAFT, and the ODP sponsored standard terminal, jeopardize the funding for necessary and expensive administrative systems of Agencywide importance (e.g., PERSIGN, Payroll, etc.) and force uses to seek out ostensibly cheaper nonstandard ways of solving their ADP problems at a time when the entire computer industry is agreed that standards are essential to holding down costs.

Effects of Chargeback on Applications Development

8. The real problem we face centrally is the dramatic shortfall of application development resources to do what is needed. The ADP Resource Allocation System was not intended to address this issue. With the demand for new application development far in excess of the supply of qualified personnel in ODP, charging for even this type of service will still leave components who are able to pay waiting for help. This will, in turn, provide incentive for them to turn to outside contractors for software development that cannot wait for ODP. Such development would bring the added danger of nonstandard hard-to-maintain software which we would be asked to convert, or even worse for which standalone computer equipment would have to be purchased. This very serious shortfall in the supply side is the reason for the software development resource package of 35 positions at the enhanced level in the FY 1983 budget of ODP.